



**The Institute of
Chartered Accountants
of Pakistan**

Annual Report 2013

Southern Regional Committee



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NOTICE OF MEETING

Notice is hereby given that the Fifty Second Annual General Meeting of the Southern Regional Committee of the Institute of Chartered Accountants of Pakistan will be held on 9th September 2013 at 05:00 p.m. at First Floor, ICAP House, Clifton, Karachi to transact the following business:

1. Confirmation of the minutes of Fifty First Annual General Meeting.
2. Consideration of the Southern Regional Committee's (the Committee) report and audited financial statements for the year ended June 30, 2013 together with the auditor's report thereon.
3. Appointment of the auditor for the year ending June 30, 2014. The retiring auditor Mr. Najeeb Moochhala, FCA being eligible has consented to be the Auditor for the year ending June 30, 2014.
4. Any other business with the permission of the Chair.

Khalilullah Shaikh, ACA
Honorary Secretary

Karachi: 19th August 2013



The Committee for the year 2012 - 2013

Riaz A. Rehman Chamdia, FCA
Chairman

Khalilullah Shaikh, ACA
Honorary Secretary

Adnan Mufti, FCA
CPD Convener

Syed Najmul Hussain, FCA
Member

Saad Kaliya, FCA
Member



THE COMMITTEE'S REPORT TO THE MEMBERS

It is an honour and a privilege for me to present the annual financial statements and report of the Southern Regional Committee (the Committee / SRC) of the Institute of Chartered Accountants of Pakistan (ICAP) for the year ended June 30, 2013 for members' review.

I am glad to report that during the year, following major activities were undertaken by the Committee in addition to its CPD activities:

- CA Examination Certificate distribution ceremonies were organized at Pearl Continental Hotel Karachi.
- A Family get together was organized at Sindbad, Rashid Minhas Road.
- Chartered Accountants Students' Association (CASA) organized CASA Olympiad and CA Students' Conference 2012.

Matters related to: Continuing Professional Development (CPD) activities, library, CASA, financial statements and statistics of meetings held and attended by the members of the Committee during the year ended June 30, 2013, are discussed in the following sections of this report.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

As always, the Committee endeavored to enhance the effectiveness and broaden the scope of CPD programmes through selection of topics of members' interest and inviting high profile and professional speakers & trainers in our CPD programs. During the year ended June 30, 2013, the Committee organized 15 CPD events with the following breakup:

Workshops	05
Seminars	10
Total	15

The number of CPD hours this year is 86.30 as compared to 100.30 of last year. The reason for this difference is four days workshop on "Corporate Governance Leadership Skills" organized by SRC last year which added 28 CPD hours in total. This year the said workshop was organized by ICAP, resulting in a reduction of CPD hours. If we eliminate this special workshop of 28 CPD hours from last year's CPD hours, we have remaining 72 CPD hours for the rest of the programs, which is comparable with this year's 86.30 CPD hours. Moreover, during the year three programs were cancelled due to law and order situation in the city.



Consistent with its tradition, the Committee organized seminars and workshops on core and non-core areas. The details are given in the table below:

CORE TOPICS	Number of seminars		CPD credit hours	
	2012-13	2011-12	2012-13	2011-12
Auditing Standards	1	2	3.00	5.30
Taxation	5	5	20.30	20.00
Accounting Standards	-	1	-	3.00
Revised Code of Corporate Governance 2013	1	1	3.00	3.00
Corporate Reporting – New Challenges	1	-	2.30	-
An Integrated Approach to Business Transformation	1	-	3.30	-
Revised ICAP's Code of Ethics	-	1	-	2.30
Changes in the Code of Corporate Governance	1	-	3.00	-
Performance Management- Measuring and Improving Organizational Performance	-	1	-	3.00
Auditing Micro-Entities Effectively and Efficiently	-	1	-	4.00
Corporate Governance Leadership Skills	-	1	-	28.00
Pakistan's Economic Outlook-2013 & Beyond	1	-	3.00	-
Operational Risk Management	-	1	-	2.30
Sustainability and Professional Accountants	-	1	-	4.00
Sub-total	11	15	38.30	75.30
NON-CORE TOPICS				
IT related	1	1	16.00	16.00
Human resources	3	3	32.00	9.00
Sub-Total	4	4	48.00	25.00
TOTAL	15	19	86.30	100.30



I also share with you that the members' participation rate is higher this year as compared to last year. The detailed analysis is given below:

Last year we had 19 programs attended by 2254 members as compared to 15 programs attended by 2187 members this year. The average attendance is 146 per program this year as compared to 119 last year. The reason for higher participation rate of this year being that, some of the seminars organized this year attracted more participation like in SRO 98(1)2013 Sales Tax Withholding Rules 2007, which was attended by 200 members.

Excluding Pre & Post Budget Seminars, if we compare the highest number of attendance in any given programs (either seminar or workshop), it was 165 (in IFRS) last year as compared to 200 in (SRO 98(1) 2013) this year.

Analyzing the attendance of Pre-Budget Seminar, last year it was 194 as compared to 302 this year which is almost double to the previous one.

Regarding Post-Budget Seminar, attendance of last year was 825 as compared to 779 this year with a minor difference of 46 only.

The Committee would like to thank the members, for making the CPD activities a success. The Committee strongly believes that success of CPD programs is entirely dependent upon your support and participation. Accordingly, we look forward to your continued patronage in greater numbers.

Number of participants	2012-2013	2011-12	2010-11
Members	2187	2254	2553
Non-members	920	775	932
Total	3107	3029	3485
Participants per programme	207	159	171

A year-by-year comparison of CPD activities in terms of CPD hours during the last nine years is also set out in an annexure to this report on page no.11.

Over the years, the Committee has endeavored to restrict the cost of seminars / workshops at an affordable level. I will further add that we increased the fee to a nominal amount as compared to the cost resulting a lower surplus this year. We also tried to reduce the cost through changing timings, sending some of the circular via email instead of hardcopy and replacing meals with refreshments.

LIBRARY

The Committee, in consultation with ICAP Secretariat, is drawing plans to enhance facilities and infrastructure in order to improve the ambience and environment of both students' and members' library.



MEMBERS' SOCIAL EVENT

Family get together at Sindbad, Rashid Minhas Road has become a much awaited programme by the members and their families. This year's family get together was warmly received and attended by more than 1,400 persons including members and their families. The Committee would like to record its appreciation for the contributions made by the sponsors in making this programme a success.

The Committee intends to offer quality entertainment and socializing opportunities for the members and their families and would continue to strive to fulfill its vision.

CHARTERED ACCOUNTANTS STUDENTS' ASSOCIATION (CASA) - SOUTH

- Chartered Accountants Students' Association (CASA) organized CASA Olympiad on July 14, 2012.
- An International CA Students' Conference 2012 was held on September 27, 2012.

GOLD MEDAL & CERTIFICATE DISTRIBUTION CEREMONY

In line with its tradition and practice, the Committee organized two Gold Medal & Certificate distribution ceremonies at Pearl Continental Hotel, Karachi on October 11, 2012 and May 3, 2013 to award certificates to those who passed the final examination held in summer 2012 and winter 2012. During such ceremonies, Gold Medals and Merit Certificates were also distributed to those who performed with remarkable distinctions in the examinations.

The award ceremonies were graced by eminent professionals of profession and the industry, Mr. Ahmed Saeed, FCA - President ICAP, ICAP Council Members, Past Presidents and parents of newly qualified CAs / students.

FINANCIAL STATEMENTS

The financial statements of the Committee and the auditor's report thereon for the year ended June 30, 2013 are enclosed for consideration and approval of the members.

COMMITTEE MEETINGS

During the year, twelve meetings were held with the details of attendance given below:

Mr. Riaz A. Rehman Chamdia	11
Mr. Khalilullah Shaikh	11
Mr. Adnan Mufti	09
Syed Najmul Hussain	11
Mr. Saad Kaliya	11



CONDOLENCES

The following members of our Institute (Southern Region) left us for heavenly abode:

S. No.	Membership No.	Name
1	R-0250	Mr. Abdul Qadir Kapadia
2	R-0664	Mr. Shaikh Mukhtar Ahmed
3	R-0703	Saiyed Naseem-Uz-Zaman
4	R-1021	Mr. Ahmed Wasim Rahi
5	R-1299	Mr. Gul Nawaz
6	R-1780	Mr. Mohammed Akber Alam
7	R-3846	Mr. Naeem Yakoob
8	R-4893	Mr. Muhammad Waheed
9	R-6756	Mr. Mohammad Ebadullah Khan

The Committee places on record the valuable contributions made by the departed members in furtherance of development of the Institute and pray may Almighty Allah rest their souls in eternal peace and grant courage to their families to bear this irreparable loss (Ameen).

GRATITUDE

The Committee would like to place on record its sincere appreciation for the untiring efforts put in by Adnan Mufti FCA, CPD Convener, Dr. Shahida Sajjad, CPD Consultant and the entire team of SRC office without which the CPD events would not have been possible. Further, we would also acknowledge participation by our guest speakers and session chairpersons, who took time out of their busy schedules to conduct seminars and workshops for the Committee with a lot of enthusiasm.

The Committee also wishes to place on record its gratitude to the President, Vice Presidents and the members of ICAP Council for their continuous support, guidance and encouragement to the Committee in efficiently administering its activities. We are also thankful to our sponsors whose support provided economical opportunities for entertainment to our members. The success of the Committee's programs would not have been possible without the active support and cooperation of the Secretary, Directors and staff of the Institute. We also owe our sincere thanks to Mr. Najeeb Mochalla, FCA for his services as the Auditor of the Committee.

On behalf of the Committee,

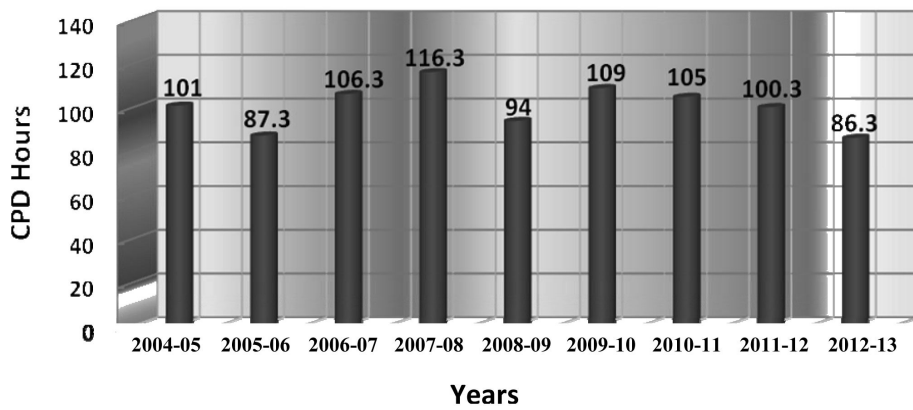
Riaz A. Rehman Chamdia, FCA
Chairman

*Details of Seminars and workshops held during the year 2012- 2013*

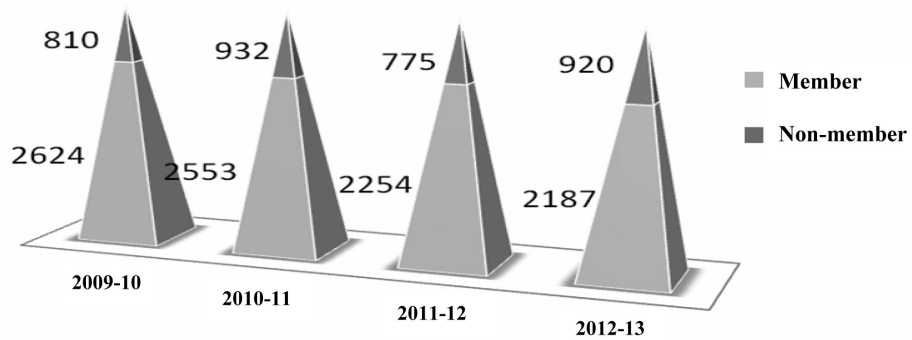
S.No	Date	Seminar and Workshop	ATTENDANCE			CPD	Speaker / Session Chairperson
			Members	Non-members	Total	Credit hours	
1	July 4-5, 2012	Two-day Workshop on Strategy Formulation & Execution Through Balanced Scorecard-How to Link Strategy to Operations	18	12	30	14	Mr. Saleem Sufi
2	July 16, 2012	Seminar on Changes in the Code of Corporate Governance	126	35	161	3	Mr. Asad Ali Shah, FCA Mr. Fuad Azim Hashmi, FCA
3	Oct 22-23, 2012	Two-day Workshop on Advanced MS Excel-2010 for Business and Financial Analysis	12	19	31	16	Mr. Saad Usman, ACA
4	Nov 21, 2012	Workshop on Punjab Sales Tax on Services Act 2012 & Allied Rules	77	36	113	8	S.M. Shabbar Zaidi, FCA Mr. Asif Kasbati, FCA Mr. Saud-ul-Hasan Mr. Mazhar Saleem Shah Mr. Ghazanfar Siddiqui
5	Dec 10, 2012	Workshop on ISA 320-Materiality in Planning and Performing an Audit	27	1	28	3	Mr. Khurram Jameel, ACA Mr. Arif Nazir, ACA
6	Dec 13, 2012	Seminar on The Power of Vision and Strategies to Turnaround Business	79	13	92	2	Mr. Saad Amanullah Khan Session Chairman: Mr. Muhammad Abdul Aleem
7	Dec 18, 2013	Seminar on Pakistan's Economic Outlook-2013 & Beyond	148	14	162	3	S.M. Shabbar Zaidi, FCA Syed Salim Raza Session Chairman: Dr. Ishrat Husain
8	Dec 20-21, 2012	Two day Workshop on Driving Corporate Performance -Linking Strategy, Measures and Systems	38	23	61	16	Mr. Saleem Sufi
9	Jan 31, 2013	Seminar on An Integrated Approach to Business Transformation	41	14	55	3.30	Mr. Mohammad Imani
10	Feb 07, 2013	Seminar on Foreign Account Tax Compliance Act Law & Implications	101	24	125	3	Mr. David Watts Session Chairman: Syed Masoud Ali Naqvi, FCA
11	Mar 13, 2013	Seminar on SRO 98(I)/2013 Sales Tax Withholding Rules 2007	200	193	393	2.30	Mr. Adnan Ahmed Mufli, FCA
12	April 12, 2013	Pre-Budget Seminar 2013-2014	302	70	372	3	Dr. Shahid Hasan Siddiqi, Shaikh Saqib Masood, FCA Session Chairman: S.M. Shabbar Zaidi, FCA
13	May 22, 2013	Seminar on Corporate Reporting-New Challenges	98	29	127	2.30	Mr. Abdul Rahim Suriya, FCA
14	June 11, 2013	Awareness Session on Revised Code of Corporate Governance 2013 (Joint venture of ICAP & SECP)	141	48	189	3	Mr. Amar Naseer, FCA Session Chairman: Mr. Ebrahim Yacoub Sidat, FCA
15	June 19, 2013	Federal Budget Seminar 2013-2014	779	389	1168	4	S.M. Muneer Shaikh Saqib Masood, FCA Panelists: Mr. Ebrahim Yacoub Sidat, FCA Syed Masoud Ali Naqvi, FCA, S.M. Shabbar Zaidi, FCA
Total			2187	920	3107	86.30	



CPD Activities - Year by Year (From 2004-05 to 2012-13)



Attendance of Participants





Summary of Membership

Southern Region

	2012-13			2011-12		
	ACA	FCA	TOTAL	ACA	FCA	TOTAL
Overseas	546	404	950	533	331	874
Mirpur Mathelo	-	-	-	-	1	1
Quetta	7	2	9	4	2	6
Karachi	1522	1065	2587	1372	1033	2405
Sukkur	1	-	1	1	-	1
Hyderabad	6	4	10	7	4	11
Turbat	-	1	1	-	2	2
Chaghai	-	1	1	-	1	1
Tando Allahyar	1	-	1	1	-	1
Naushero Feroze	1	-	1	-	-	-
Total	2084	1477	3561	1918	1374	3292

Classification of Members

	<u>2012-13</u>	<u>2011-12</u>
Commerce / Industry	1824	1486
Corporations	11	11
Financial Institutions / Bank	330	336
Government	24	24
Education	39	38
Senior Member	154	145
Overseas Non-Practicing	829	818
Overseas Senior Members	27	27
Employee's in Practice (Overseas)	92	87
Employee's in Practice (Domestic)	231	320
Total	3561	3292



AUDITOR'S REPORT TO THE MEMBERS

I have audited the accompanying balance sheet of the southern regional committee, of the Institute of Chartered Accountants of Pakistan as at June 30, 2013, and the related statements of income and expenditure, cash flows and changes in funds together with the notes forming part thereof for the year then ended (hereinafter referred to as the financial statements).

It is the responsibility of the southern regional committee, of the Institute of Chartered Accountants of Pakistan to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards as applicable in Pakistan. My responsibility is to express an opinion on these financial statements based on audit.

I have conducted the audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material statements. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies and significant estimates made by Southern Regional Committee, the Institute of Chartered Accountants of Pakistan as well as evaluating the overall presentation of the financial statements. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements give a true and fair view of the financial position of the Southern Regional Committee, of the Institute of Chartered Accountants of Pakistan as at June 30, 2013 and of its operations, cash flow and changes in funds for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Najeeb Mochhala
Chartered Accountant

Karachi:
Dated: July 18, 2013



**SOUTHERN REGIONAL COMMITTEE - ICAP
BALANCE SHEET
AS AT JUNE 30, 2013**

	NOTE	2013 RUPEES	2012 RUPEES
NON-CURRENT ASSETS			
Property, plant and equipment	3	444,046	477,071
Long-term investments	4	17,476,559	15,973,276
Long-term fund investments	5	127,871	-
		18,048,476	16,450,347
CURRENT ASSETS			
Short-term fund investment	6	-	120,282
Short-term investments	7	819,532	822,928
Other receivables	8	150,645	363,995
Cash and bank balances	9	2,881,821	1,909,324
		3,851,998	3,216,529
CURRENT LIABILITIES			
Creditors and other payables	10	868,946	348,928
Seminars fee received in advance from members		-	222,200
Balance held on behalf of the Chartered Accountants Students' Association (CASA) - South	11	163,500	112,150
		1,032,446	683,278
NET CURRENT ASSETS		2,819,552	2,533,251
LONG TERM LIABILITIES AND FUNDS			
Long-term liabilities			
Deferred Income - Library Development Fund	12	104,930	99,760
Restricted Funds			
Library Development Fund	13	592,180	626,000
NET ASSETS		<u>20,170,918</u>	<u>18,257,838</u>
FINANCED BY			
Accumulated Fund		20,043,047	18,137,556
H. J. Irani Memorial Fund		127,871	120,282
		<u>20,170,918</u>	<u>18,257,838</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

RIAZ A. REHMAN CHAMDIA
Chairman

KHALILULLAH SHAIKH
Honorary Secretary



**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2013**

	NOTE	2013 RUPEES	2012 RUPEES
INCOME			
Members' subscriptions	14	2,633,150	2,394,450
Return on investments		1,505,563	1,302,754
Members' Programmes	15	(359,254)	164,200
Amortization of deferred income		28,650	24,940
Others		25,860	11,307
		3,833,969	3,897,651
EXPENDITURE			
Administrative expenses	16	667,696	599,171
Library expenses	17	807,826	699,937
Contribution for CASA Conference		268,539	300,000
CASA expenses		58,961	42,062
Annual general meeting expenses		75,456	83,550
Audit fee		50,000	50,000
		1,928,478	1,774,720
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR TRANSFERRED TO ACCUMULATED FUND		1,905,491	2,122,931

The annexed notes 1 to 20 form an integral part of these financial statements.

RIAZ A. REHMAN CHAMDIA
Chairman

KHALILULLAH SHAIKH
Honorary Secretary



**SOUTHERN REGIONAL COMMITTEE - ICAP
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	NOTE	2013 RUPEES	2012 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		1,905,491	2,122,931
Return on investment held under H. J. Irani Memorial Fund		7,589	9,375
		1,913,080	2,132,306
Adjustment for non cash and other items			
Depreciation		90,345	100,030
Return on investments		(1,505,563)	(1,302,754)
Return on investments held under H. J. Irani Memorial Fund		(7,589)	(9,375)
Amortization of deferred income		(28,650)	(24,940)
		(1,451,457)	(1,237,039)
(Increase) / Decrease in current assets			
Other receivables		213,350	893,694
(Decrease) / Increase in current liabilities			
Creditors and other payables		520,018	(640,808)
Seminars fee received in advance from members		(222,200)	222,200
Balance held on behalf of CASA - South		51,350	(140,081)
		349,168	(558,689)
Net cash generated from operating activities		1,024,141	1,230,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(57,320)	-
Return on investments received		1,205,676	1,017,172
Investments made during the year		(1,200,000)	(2,500,000)
Net cash utilised in investing activities		(51,644)	(1,482,828)
Net Increase / (decrease) in cash and cash equivalents		972,497	(252,556)
Cash and cash equivalents at the beginning of the year		1,909,324	2,161,880
Cash and cash equivalents at the end of the year		2,881,821	1,909,324

The annexed notes 1 to 20 form an integral part of these financial statements.

RIAZ A. REHMAN CHAMDIA
Chairman

KHALILULLAH SHAIKH
Honorary Secretary



**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Accumulated Fund</u>	<u>H. J. Irani Memorial Fund</u>	<u>Total</u>
	----- Rupees -----		
Balance as at July 1, 2011	16,014,625	110,907	16,125,532
Comprehensive surplus for the year ended June 30, 2012	2,122,931	9,375	2,132,306
Balance as at June 30, 2012	<u>18,137,556</u>	<u>120,282</u>	<u>18,257,838</u>
Comprehensive surplus for the year ended June 30, 2013	1,905,491	7,589	1,913,080
Balance as at June 30, 2013	<u>20,043,047</u>	<u>127,871</u>	<u>20,170,918</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

RIAZ A. REHMAN CHAMDIA
Chairman

KHALILULLAH SHAIKH
Honorary Secretary



**SOUTHERN REGIONAL COMMITTEE - ICAP
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. LEGAL STATUS

The Southern Regional Committee (the Committee) has been constituted by the Council of the Institute of Chartered Accountants of Pakistan under section 20 of the Chartered Accountants Ordinance, 1961 to carry out the functions as laid down in bye-law 90 of the Chartered Accountants Bye- Laws, 1983.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Companies Ordinance, 1984.

2.2 Basis of preparation of these financial statements

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Changes in accounting standards

2.3.1 Standards, amendments to approved accounting standards and new interpretations becoming effective during the year ended June 30, 2013:

There are certain new approved accounting standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or to have any significant effect on the Committee's operations and are, therefore, not disclosed in these financial statements.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Committee:

There are certain amendments to the standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or do not have any significant effect on the Committee's operations and are, therefore, not detailed in these financial statements.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged using the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month in which an asset is purchased, whereas on disposals, depreciation is charged upto the month prior to the month of disposal.



Normal repairs and maintenance are charged to income as and when incurred. The carrying amounts of the Committee's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognised in the statement of income and expenditure. Reversal of impairment loss is restricted to the original cost of the asset.

Any fixed assets received free of cost are recognised on nominal values.

2.5 Investments

The Committee determines the appropriate classification of its investments at the time of purchase and classifies these investments as 'loans and receivables', 'available for sale' or 'held to maturity'. These are initially recognised at cost being the fair value of the consideration given including the acquisition cost.

Subsequent to initial recognition at cost, these investments are measured at amortised cost or fair value as appropriate, less provision for impairment in value, if any. Amortised cost is calculated taking into account any discount or premium on acquisition by using the effective interest rate method.

2.6 Revenue recognition

- Members' programmes represent fees from CPD activities that are recognised as income when CPD activities are held.
- Sponsorships are recognised when a firm commitment is received.
- Members' subscriptions are taken as income on receipt basis.
- Profit on investments is accounted for as income through the amortisation process using the effective interest rate method.
- Return on PLS deposits is accounted for on accrual basis.
- Donations are accounted for on a receipt basis.

2.7 Restricted Funds

Funds received directly as grants or received as contribution from the donors are classified as Restricted Funds. Restricted funds representing direct grants are classified as Grant funds.

Funds utilised for capital expenses including capital work-in-progress are transferred to the deferred income account, with an amount equal to the annual charge for depreciation on assets purchased being released from this account and recognised as income and reflected as 'Amortization of deferred income' in the Income and Expenditure Statement

2.8 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with the basis as stated in note 2.2 requires the use of certain critical accounting estimates. It also requires the Committee to exercise its judgement in the process of applying the Committee's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements includes determination of the useful life and residual value of operating fixed assets.



3 PROPERTY, PLANT AND EQUIPMENT

Description	LIBRARY				OTHERS				Total
	Books	Furniture	Air Conditioners	Equipment	Furniture	Equipment	Air Conditioners	Computers	
COST									
Balance as at July 01, 2011	618,482	721,383	475,381	23,800	174,623	61,050	75,235	353,197	2,503,151
Additions	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2012	618,482	721,383	475,381	23,800	174,623	61,050	75,235	353,197	2,503,151
Balance as at July 01, 2012	618,482	721,383	475,381	23,800	174,623	61,050	75,235	353,197	2,503,151
Additions	33,820	-	-	-	-	-	-	23,500	57,320
Balance as at June 30, 2013	652,302	721,383	475,381	23,800	174,623	61,050	75,235	376,697	2,560,471
DEPRECIATION									
Balance as at July 01, 2011	597,759	513,610	297,311	12,530	140,729	30,188	59,925	273,998	1,926,050
Charge for the year	6,839	20,777	35,614	1,127	3,389	3,086	3,062	26,136	100,030
Balance as at June 30, 2012	604,598	534,387	332,925	13,657	144,118	33,274	62,987	300,134	2,026,080
Balance as at July 01, 2012	604,598	534,387	332,925	13,657	144,118	33,274	62,987	300,134	2,026,080
Charge for the year	14,090	18,084	26,645	981	2,951	2,687	2,292	22,615	90,345
Balance as at June 30, 2013	618,688	552,471	359,570	14,638	147,069	35,961	65,279	322,749	2,116,425
CARRYING AMOUNT - 2013	33,614	168,912	115,811	9,162	27,554	25,089	9,956	53,948	444,046
CARRYING AMOUNT - 2012	13,884	186,996	142,456	10,143	30,505	27,776	12,248	53,063	477,071
RATE OF DEPRECIATION	33	10	20	10	10	10	20	33	

3.1 Allocation of depreciation charge for the year is as follows:

Note	2013	2012
	RUPEES	RUPEES
Administrative expenses	30,545	35,673
Library expenses	59,800	64,357
	90,345	100,030



	NOTE	2013 RUPEES	2012 RUPEES
4. LONG-TERM INVESTMENTS			
Certificates of Islamic Investment	4.1	<u>17,476,559</u>	<u>15,973,276</u>
<p>4.1 These represent Certificates of Islamic Investment, issued by a bank costing Rs 16,030,412 (2012: 14,830,412). These certificates carry expected markup ranging between 8.89% and 9.78% (2012: 9.72% and 11.74%) per annum and will mature on various dates latest by June 30, 2015. Profits are receivable quarterly. Profits accumulated thereon, to date, amounting to Rs. 1,446,147 is included therein.</p>			
5. LONG-TERM FUND INVESTMENT			
H. J. Irani Memorial Fund	5.1	<u>127,871</u>	<u>-</u>
<p>5.1 This represents a Certificate of Islamic Investment, issued by a bank, for a period of three years. This certificate carries markup ranging between 7.95% and 9.78% (2012: NIL) per annum and will mature on October 31, 2015. Profit accrued thereon, to date, amounting to Rs 7,589 (2012: Rs NIL) is included therein.</p>			
6. SHORT-TERM FUND INVESTMENT			
H. J. Irani Memorial Fund	6.1	<u>-</u>	<u>120,282</u>
<p>6.1 This represents a Certificate of Islamic Investment, issued by a bank, for a period of three years. This certificate carries markup ranging between NIL (2012: 9.72% and 10.01%) per annum and will mature on October 31, 2012. Profit accrued thereon, to date, amounting (2012: Rs 25,810) is included therein.</p>			
7. SHORT-TERM INVESTMENTS			
Certificates of Islamic Investment	7.1	<u>819,532</u>	<u>822,928</u>
<p>7.1 These represent Certificates of Islamic Investment, issued by a bank costing Rs. 800,000 (2012: Rs 800,000). These certificates carry markup ranging between 7.72% and 9.10% per annum (2012: 9.06% to 9.30%). Profit accrued thereon amounting to Rs 19,532 (2012: Rs 22,928) is included herein.</p>			
8. OTHER RECEIVABLES			
Subscription fee receivable from ICAP		3,750	750
Receivable from ICAP on account of CASA		-	30,050
Receivable from ICAP on account of CPD program		-	215,000
Receivable on account of profit on bank deposits		6,295	10,631
Seminar fee receivable from members		140,600	35,650
Receivable from DHA Golf Club		-	71,914
		<u>150,645</u>	<u>363,995</u>
9. CASH AND BANK BALANCES			
Cash in hand		24,386	24,386
Cash at banks in:			
Current account		2,807,683	1,845,198
Savings account		49,752	39,740
		<u>2,857,435</u>	<u>1,884,938</u>
		<u>2,881,821</u>	<u>1,909,324</u>



	NOTE	2013 RUPEES	2012 RUPEES
10. CREDITORS AND OTHER PAYABLES			
Creditors and accrued liabilities		489,246	55,438
Subscriptions received in advance from members		379,700	293,490
		<u>868,946</u>	<u>348,928</u>
11. BALANCE HELD ON BEHALF OF CHARTERED ACCOUNTANT STUDENTS' ASSOCIATION (CASA) - SOUTH			
Opening balance		112,150	252,231
Received from ICAP during the year		51,350	45,800
Payment made		-	(185,881)
		<u>163,500</u>	<u>112,150</u>
12. DEFERRED INCOME - LIBRARY DEVELOPMENT FUND			
Opening balance		99,760	124,700
Grant utilised during the year		33,820	-
Amortization for the year		(28,650)	(24,940)
		<u>104,930</u>	<u>99,760</u>
13. LIBRARY DEVELOPMENT FUND			
Opening balance		626,000	626,000
Amount received during the year	13.1	-	-
Grant utilised during the year		(33,820)	-
		<u>592,180</u>	<u>626,000</u>
13.1	The Committee received a grant aggregating Rs 755,000 from the Council of the Institute of Chartered Accountants of Pakistan for renovation of library in the previous year.		
14. MEMBERS' SUBSCRIPTIONS	14.1	<u>2,633,150</u>	<u>2,394,450</u>
14.1	Members' subscriptions represent the amount allocated by the Institute of Chartered Accountants of Pakistan.		
15. MEMBERS' PROGRAMMES			
Income from members' programmes		6,476,550	7,555,126
Less: Expenses incurred thereon	15.1	(6,835,804)	(7,390,926)
		<u>(359,254)</u>	<u>164,200</u>
15.1	Expenses incurred on the members' programmes:		
Salaries and allowances		935,000	980,803
Advertisement		-	68,399
Printing, stationery and postage charges		855,409	617,412
Dinners and refreshments - Federal Budget Seminar		2,286,025	1,398,852
Rental charges for convention centre		-	571,914
Dinners and refreshments - Other seminars and workshops		1,731,407	1,128,793
Speakers' fees and other charges		322,915	2,068,250
Photographs, videos, projector, screen and sound system		100,000	103,000
Members Family Get-together		444,165	-
Mementos / Gifts		69,769	68,860
Others		90,989	384,643
		<u>6,835,679</u>	<u>7,390,926</u>
		Pre and post budget seminars	CPD and other programmes
			Total
			RUPEES
Income from members' programmes		3,808,400	6,476,550
Less: Direct expenses incurred		(2,961,289)	(5,900,804)
		<u>847,111</u>	<u>575,746</u>
Less Indirect expenses - Salaries and allowances			(935,000)
			<u>(359,254)</u>



	NOTE	2013 RUPEES	2012 RUPEES
16. ADMINISTRATIVE EXPENSES			
Salaries and allowances		535,729	432,645
Repairs and maintenance		8,989	22,350
Computer expenses		9,400	3,500
Conveyance		14,510	12,850
Depreciation	3.1	30,545	35,673
Telephone and facsimile		44,467	50,492
Bank charges		209	1,132
Others		23,847	40,529
		<u>667,696</u>	<u>599,171</u>
17. LIBRARY EXPENSES			
Salaries and allowances		695,887	594,580
Repairs and maintenance		2,300	-
Depreciation	3.1	59,800	64,357
Students Refreshment		49,839	41,000
		<u>807,826</u>	<u>699,937</u>
18. FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets - Loans and receivables			
Long-term investments		17,476,559	15,973,276
Long-term fund investment		127,871	-
Short-term fund investment		-	120,282
Short-term investments		819,532	822,928
Other receivables		150,645	363,995
Cash and bank balances		2,881,821	1,909,324
		<u>21,456,428</u>	<u>19,189,805</u>
Financial liabilities			
Financial Liabilities measured at amortised cost			
- Creditors and other payables		489,246	55,438
- Balance held on behalf of CASA		163,500	112,150
		<u>652,746</u>	<u>167,588</u>

18.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Committee finances its operations from the revenue received through members subscriptions and program fees. Apart from this, the Committee also earns income from markup received on investments.

18.2 FINANCIAL RISK FACTORS

The Committee has overall responsibility for the establishment and oversight of the risk management framework. The Committee's operations expose it to financial risk, credit risk, liquidity risk and interest rate risk.

**18.2.1 CREDIT RISK**

Credit risk represents the accounting loss that would be recognised at the reporting date, if counter parties failed completely to perform as contracted.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Committee is exposed to credit risk on all financial assets except cash in hand. The Committee seeks to minimize the credit risk exposure through having exposures only with the banks having minimum credit rating of 'A' in long term and 'A1' in short term rated by independent credit rating agencies. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

18.2.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Cash at bank, short-term investments and long-term

	2013 RUPEES	2012 RUPEES
A1+	2,807,683	1,845,198
AA-	<u>17,654,182</u>	<u>16,133,298</u>
	<u>20,461,865</u>	<u>17,978,496</u>

18.2.3 LIQUIDITY RISK

Liquidity risk is the risk that the Committee will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Committee could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Committee's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Committee's reputation.

	2013			
	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	----- (Rupees) -----			
Non-Derivative Financial liabilities				
Creditors and other payables	489,246	489,246	-	-
Balance held on behalf of the Chartered Accountants Student ' Association - South	163,500	-	163,500	
	<u>652,746</u>	<u>489,246</u>	<u>163,500</u>	<u>-</u>



	2012			
	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
----- (Rupees) -----				
Non-Derivative				
Financial liabilities				
Creditors and other payables	55,438	55,438	-	-
Balance held on behalf of the Chartered Accountants Student ' Association - South	112,150	-	112,150	
	<u>167,588</u>	<u>55,438</u>	<u>112,150</u>	<u>-</u>

18.2.4 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial instruments which are exposed to interest rate risk comprise of long term investments, short term fund investment and short term investments. As at June 30 2013, had there been an increase / decrease of 100 basis points in the profit rates, with all other variables held constant, total comprehensive surplus for the year would have been higher / lower by Rs. 169,516.

18.2.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values except for certain investments which are stated at amortised cost.

19. DATE OF AUTHORISATION

These financial statements have been authorised for issue on July 18, 2013 by the Southern Regional Committee.


20. GENERAL

20.1 There were no material reclassifications that could affect the financial statements materially.

20.2 Amounts have been rounded off to the nearest rupees unless otherwise stated.

RIAZ A. REHAMN CHAMDIA
Chairman

KHALILULLAH SHAIKH
Honorary Secretary



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